

CAPRICORN DISTRICT MUNICIPALITY



INDEGENT POLICY 2016/17

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1. PREAMBLE

- 1.1. CDM has a constitutional mandate to ensure the provision of basic services to poorer communities.
- 1.2. CDM shall ensure that local municipalities within its jurisdiction target basic municipal services to poor households in an affordable and sustainable manner

2. PURPOSE OF THE POLICY

- 2.1. To create a guideline for local municipalities to ensure that poor households are able to access to at least basic municipal services.
- 2.2. Support local municipalities to provide services to the poor households in a Sustainable manner, within the Financial and administrative capacity of the Council;
- 2.3. Assist local municipalities to reduce the level of debtors by crediting the indigent accounts;
- 2.4. To facilitate the implementation of the local municipalities' credit control and debt collection bylaws/policies.

3. POLICY PRINCIPLES

- 3.1. The following are guiding principles for local municipalities to implementing their indigent support policy;
 - i) The indigent support policy should be in accordance with the Local Government Municipal Systems Act, Act No. 32 of 2000 and other related legislation.
 - ii) Local municipalities should provide relief to registered residential consumers of services.
 - iii) Local municipalities must ensure that any relief is constitutional, practical, fair, equitable and justifiable to avoid alienating any group of households.

4. DEFINITIONS

- 4.1. **"arrears"** means any amount due owing and payable by a customer in respect of municipal services not paid on the due date;
- 4.2. **"basic municipal services"** means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and, if not provided, would endanger public health or safety or the environment;
- 4.3. **"customer"** means a person with whom the Municipality or its authorized agent has concluded an agreement for the provision of municipal services;
- 4.4. **"household"** means a traditional family unit consisting of a maximum of eight persons (being a combination of four persons over the age of eighteen and four persons eighteen years and younger);
- 4.5. **"household customer"** means a customer that occupies a dwelling structure, or property primarily for residential purposes;
- 4.6. **"indigent customer"** means a household customer qualifying and registered with the Municipality as a indigent in accordance with the credit control and debt collection bylaws of the Municipality;
- 4.7. **"owner"** means a person in who from time to time is vested the legal title to premises; in case where the person in whom the legal title to premises is vested is insolvent or deceased, or is under any form of legal disability what so ever, the person in whom the administration and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative;

5. CRITERIA AND IDENTIFICATION AS INDIGENT

- 5.1. CDM shall from time to time determine guidelines for local municipalities to identify households that qualify for indigent status and support including among others:
 - a) **The poverty threshold-** for this purpose the council, as part of the budgetary process, determines the poverty threshold that will be applicable

- for that particular year. The poverty threshold shall be based on the total income of the household applying for consideration as indigent (The indigent level for the district shall be R2 500).
- b) A final report from the indigent committee is forwarded to the social worker for further recommendation.
 - c) **Unemployment** - the council shall consider whether the applicants are of a working age or should they be of working age, the reasons for being unemployed and any other steps taken to find employment will be considered.

6. REGISTRATION AS INDIGENT

- 6.1. The Accounting Officer shall oversee the appointments of indigent committee in local municipalities that will assess all applications for indigent status and support
- 6.2. The Indigent Committee shall ensure that relevant application forms are made available by local municipalities for the public or communities.
- 6.3. The application form must be completed and accompanied by prescribed documents which include among others the following:
 - a) Breadwinner's proof of income
 - b) Proof of income for all other members of the household above the age of 18 years (excluding tenants where applicable)
 - c) Proof of property ownership or rental agreement
 - d) Identity documents of qualifying members appropriately certified
 - e) Ward Councilor's or Traditional Leader's report
 - f) Endorsement by a Commissioner of Oath as categorized by the Minister of Justice
 - g) Proof of registration as unemployed (for residents other than pensioners with no source of income). A signed affidavit of unemployment will be accepted.
 - h) Latest municipal account / statement where applicable

- 6.4. Local municipalities shall ensure that all indigent's application forms are duly signed and that all requirements as set out 6.3 have been complied with
- 6.5. The signed and completed application forms shall be forwarded to the responsible indigent committees together with all rejected applications (and reasons for the rejection)
- 6.6. The list of applicants for indigent status shall be displayed for a period of one month (beginning February up to end of the same month of every year) at local municipal offices and at any other place deemed relevant for members of the public to scrutinize and if they so desire, raise objections
- 6.7. In assessing all application forms, the responsible committee shall consider all information supplied on the application forms and any other information at its disposal
- 6.8. The provision of subsidies will commence immediately after approval and shall continue to be provided as valid for the entire financial year unless deemed otherwise by council
- 6.9. The indigent committees shall within one month of publication period, submit a final indigent report to the Mayoral Committee for recommendation to council.
- 6.10. The local municipalities shall publicize in writing the outcome of all applications. Unsuccessful applicants will have the right to appeal the decision within 60 days of the date of approval. Appeals shall be in writing to the local municipality.
- 6.11. All indigents will have to re-apply for registration at the end of each financial year, unless deemed otherwise by council. Indigents not applying for re-registration as indigents will be removed from the indigent register and will henceforth be considered as normal consumers i.e. from the month they are removed from the register

7. INDIGENT TARIFFS AND SUBSIDY

- 7.1. Council will determine an indigent tariff that will be charged to indigent households to recover maintenance and operational costs.

- 7.2. A formula will be used to determine the amount payable by an indigent household. The formula will be as follows:
- a) Actual consumption **less** indigent subsidy **equals** amount payable
- 7.3. Council will determine the indigent subsidy based on the equitable share received from national government, the poverty threshold and any possible cross-subsidy in the tariff structure

8. SUBSIDISED SERVICES FOR INDIGENTS

- 8.1. CDM shall in consultation with local councils, determine the municipal services and levels thereof which will be subsidized in respect of indigent customers in accordance with national policy, but subject to principles of sustainability and affordability.

9. FUNDING OF SUBSIDISED SERVICES

- 9.1. The subsidized services to be determined by CDM in consultation with local councils shall be funded from the portion of revenue raised nationally which is allocated to the Municipality and if such funding is insufficient the services may be funded from revenue raised through rates, fees and charges in respect of municipal services.

10. EXISTING ARREARS OF INDIGENTS

- 10.1. Arrears accumulated in respect of the municipal accounts of customers prior to registration as indigent customers will be written off.

11. REPORTING REQUIREMENTS

11.1. CDM shall on a regular basis receive reports from local municipalities on the following:-

- a) Total number of registered indigent households and related trends
- b) The monetary value of subsidies and rebates granted for that period
- c) The budgeted value of subsidies and rebates concerned
- d) Detailed reasons for noticeable variations of budgeted to actual subsidies and rebates

12. AUDITS

12.1. CDM may undertake regular random audits in local municipalities to-

- a) Verify the information provided by indigent customers
- b) Record any changes in the circumstances of indigent customers; and
- c) Make recommendations on the de-registration of the indigent customer

13. CONDITIONS FOR THE TERMINATION OF INDIGENT SUPPORT

13.1. Termination of indigent support will occur in the following instances:-

- a) Certified death of the accountholder
- b) When the registered indigent sells his property
- c) When the indigent's circumstances materially change
- d) When the approval criteria for indigent status changes to the extent that approval no longer applies
- e) If the indigent fails to:
 - i) Honour any arrangements made for the payment of outstanding debts on the account
- f) In the event of a fraudulent application being detected
- g) When the registered indigent fails to renew as required, his status prior to the expiry of such status remaining valid

14.RESTRICTION OF WATER SUPPLY

14.1. If the indigent fails to:

i) Pay for his consumption account;

ii) Use the service within the subsidization cap leading to excess use;

The water supply shall be restricted

15.IMPLEMENTATION AND MONITORING

15.1. The Municipal Manager and the Chief Financial Officer shall be responsible for the implementation of this policy